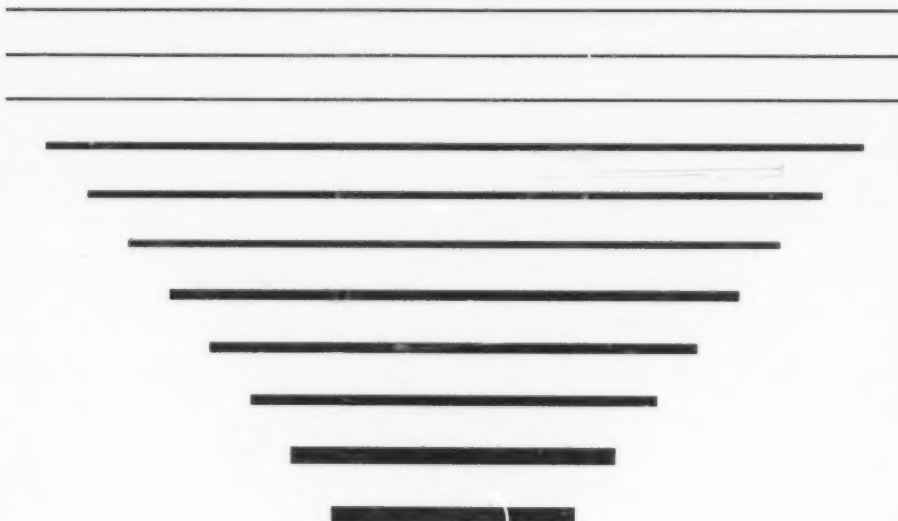


Quality Programs & Practices

A Report On Their Prevalence In North American Business



A Survey Sponsored by



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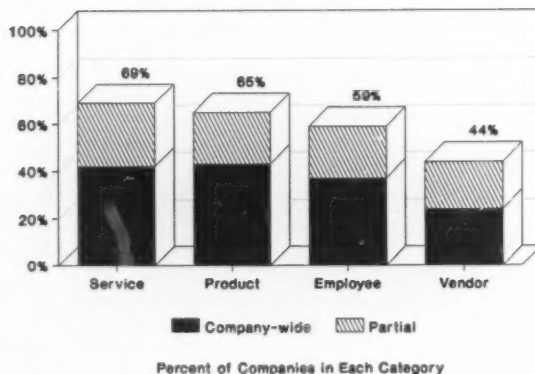
Quality Programs & Practices: A Report On Their Prevalence In North American Business

This is an era of unprecedented competition for North American companies. Manufacturers are being battered by foreign competition, and service-oriented companies are struggling to compete in an increasingly complex marketplace. The companies that are succeeding have learned that one of the most important elements of success in this new environment is *quality* -- establishing and achieving standards of excellence. Many programs to attain quality in products and services have been launched in recent years, ranging from quality circles -- where employees are encouraged to develop and act on ideas -- to changes in the entire corporate culture. The common thread in all successful programs is a strong emphasis on employee involvement.

In November of 1990, The Olsten Corporation surveyed human resource executives from across North America to measure the scope and types of quality programs that now exist. The results show that corporate commitment to quality programs is strong, with a majority of the respondents having such programs. This commitment is evident in all types and sizes of companies.

A total of 1,314 companies participated in the survey. Respondents come from a range of industries, including manufacturing, services, retail/wholesale, nonprofit, and other. Participating companies are of all sizes, both in terms of employee size and annual revenues. *(See the end of this report for more detailed demographics.)*

OVERVIEW OF QUALITY PROGRAMS
(Company-wide and partial)



The survey explores the following four types of quality concepts:

Product -- Making defect-free products that adhere to consistently high standards of quality.

Customer service -- Committing to satisfying customer needs through prompt, courteous service.

Internal staff -- Developing and training employees so that they are familiar with the quality goals of the organization, and their role in achieving their goals.

Vendor -- Assuring that the organization has access to the best possible goods and services available, and that vendors share the company's commitment to quality.

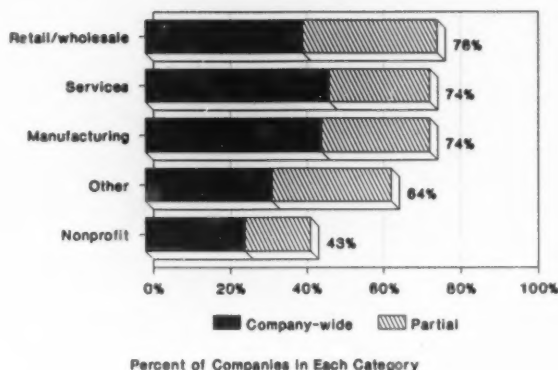
QUALITY CONCEPTS

Customer service quality is the most popular form of quality program, present in almost seven out of ten (69%) of the companies surveyed. In more than two out of five (42%), the commitment to customer service is company-wide in scope. Another 13% plan to have this type of program in place within the next two years.

Of the industry groups surveyed, retailer/wholesalers have the strongest orientation to quality in customer service, with more than three-quarters (76%) reporting such programs. They are followed closely by 74% of manufacturing and service organizations. Less than half (43%) of companies in the nonprofit sector have such programs. Sixty-four percent of companies in other industries also have such programs.

As the chart to the right shows, service businesses are most likely to adopt customer service quality efforts that are company-wide in scope.

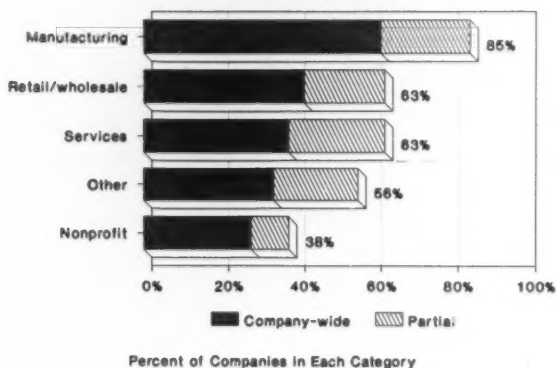
CUSTOMER SERVICE QUALITY PROGRAMS
By Industry Group



Almost nine out of ten (88%) of the largest companies in the survey -- those with more than \$5 billion in annual revenues -- have some type of program in place to assure quality in their customer service. While larger companies are more likely to have these programs than smaller ones, it is noteworthy that a majority of even the smallest companies (less than \$50 million in annual revenues) have some type of customer service quality program in place.

Product quality. Programs to assure product quality are almost as numerous as those for customer service, with 65% of the companies surveyed having some type of program in place. In fact, 43% have product quality programs instituted throughout their entire organizations, slightly more than those with customer service programs. Another nine percent will be adopting such a program within the next two years.

PRODUCT QUALITY PROGRAMS
By Industry Group



Not surprisingly, most manufacturers (85%) have product quality programs. More than three out of five have company-wide programs.

More than three-fifths (63%) of companies in services and retail/wholesale have such programs, along with 38% of the nonprofits. These programs are also prevalent in 56% of companies in other industries.

Again, the larger the company, the more likely that some type of product quality program is in place. Eighty-three percent of the largest companies (more than \$5 billion in annual revenues) have programs, as compared

to 59% of the smallest companies (less than \$50 million in annual revenues).

Internal staff (employee) quality. Almost three out of five (59%) of the companies surveyed have some type of program to build employee commitment to quality, and 17% say they will implement such a program within the next two years.

Service businesses are most likely to have employee training in place, with 65% having such programs. Manufacturing organizations follow with 59%, retail/wholesalers with 58%, and nonprofits with 43%. About 57% of other types of companies also have such programs.

More than three-quarters (76%) of the largest corporations (more than \$5 billion in annual revenues) have such programs, contrasted with 55% of the smaller companies (less than \$50 million).

Vendor quality. Programs to ensure quality in goods and services coming into the company are not as widespread as other types of programs. Forty-four percent have these programs, and another 12% plan to start such programs within the next two years.

More than seven out of ten (71%) manufacturers have vendor quality programs, followed by 51% of retail/wholesale companies. One-third of service businesses and 21% of nonprofits have these programs. Thirty-six percent of other types of companies have such programs.

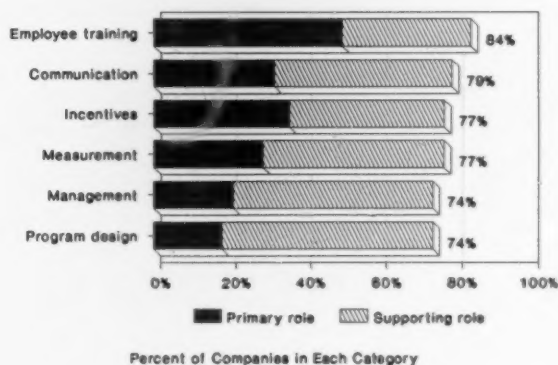
A majority (71%) of the largest organizations (more than \$5 billion) have such programs, either partially or totally, compared to 38% of the smallest companies in the survey.

ROLE OF THE HUMAN RESOURCES DEPARTMENT

Most respondents agree that the human resources department needs to play some type of role in establishing the quality process. However, most tend to see human resources playing a supporting, rather than primary, role in quality programs.

The survey examined the degree of HR's role in six critical aspects of the implementation of a quality program: employee training, program communications, performance incentives, performance measurement, program management, and program design.

ROLE OF HUMAN RESOURCES
IN THE QUALITY PROCESS

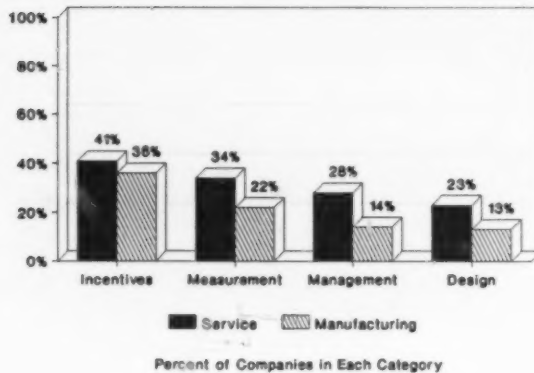


As the chart to the right shows, the most visible role for human resource departments is employee training. Half of the companies surveyed state that human resources has a primary role, and another 34% assign it a supporting role.

Establishing performance incentives follows as the next most important function of human resources in the quality process. Thirty-six percent of the respondents state that this is a primary responsibility of human resources, and 41% say HR plays a supporting role. Just under a third (32%) say that communication of the program is primarily an HR role, while 47% assign a supporting role.

Manufacturing vs. service -- two approaches. The primary role of human resources varies significantly between industry categories. For example, HR departments in service businesses tend to play a greater role in quality programs than their counterparts in manufacturing. As

WHERE HR HAS A PRIMARY ROLE (Service vs. Manufacturing)



the chart on the left shows, there are significant distinctions in HR's role in the two industry categories.

While 41% of service companies consider the establishment of performance incentives to be a primary responsibility of HR, only 36% of manufacturers do so. In performance measurement, the gap grows wider between service and manufacturing -- 34% vs. 22%. Service companies are twice as likely than manufacturers (28% vs. 14%) to assign primary management of the quality program to human resources. And, almost twice as many service businesses (23%) than manufacturers

(13%) will put human resources in charge of designing the quality program.

THE ROLE OF TEMPORARY SERVICE FIRMS IN THE QUALITY PROCESS

The survey also examined what role companies want their temporary service providers to play in their quality efforts. Indeed, most respondents want to see temporary service firms involved in clients' quality process.

Five key areas of temporary-service involvement in quality programs were explored:

Orientation -- Orienting temporary employees on clients' quality programs.

Job descriptions -- Maintaining specific descriptions of clients' companies, departments, and job requirements.

(continued on next page)

RESPONDENTS TO THIS SURVEY

A total of 1,314 companies responded to this survey, covering a range of sizes and industry types. The breakdown is as follows:

BY INDUSTRY GROUP

Services	34%
Manufacturing	28%
Other	23%
Nonprofit	10%
Retail/wholesale	4%

BY NUMBER OF EMPLOYEES

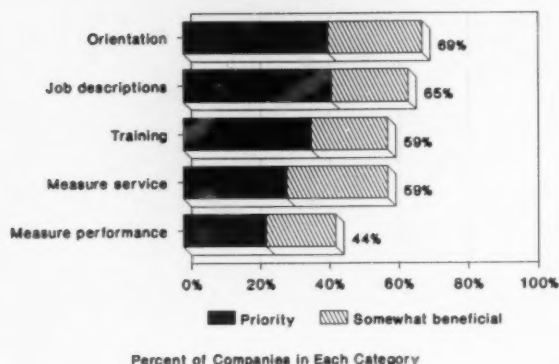
Less than 100	12%
100-499	36%
500-999	15%
1,000-9,999	30%
10,000+	6%

BY ANNUAL REVENUES

Less than \$50 million	32%
\$50-\$250 million	26%
\$250 million-\$1 billion	14%
\$1-\$5 billion	8%
\$5 billion+	5%

Training -- Training temporary employees on specifics of work group quality processes. For example, if the client's firm has quality circles, temporary employees should be familiar with the process, and be able to contribute.

ROLE OF TEMPORARY SERVICES IN THE QUALITY PROCESS



Measuring service -- Measuring and reporting on the quality of service provided to clients (response time, fill rates, billing, etc.).

Measuring performance -- Measuring and reporting on quality-related performance of temporary employees.

Almost seven out of ten (69%) state that the temporary service should play a role in the quality process through employee orientation. Forty-two percent regard this as a priority requirement for temporary firms.

Another 65% of the human resource directors report that the temporary

service firm should, to some degree, maintain job descriptions. Forty-three percent regard this as a priority requirement.

Almost three-fifths (59%) of respondents say that temporary employees should be trained on the specifics of the client's quality process. Thirty-seven percent say that it is essential that temporary firms provide such training.

Almost six out of ten (59%) say that temporary service providers should measure and report on quality of their service, and 30% consider it to be a priority.

More than two out of five (44%) say that temporary services should measure and report on the quality-related performance of the temporary employees. Almost a quarter (24%) regard it as an extremely important requirement.

THE OLSHEN CORPORATION

The Olsten Corporation [AMEX: OLS] is one of the leading providers of temporary personnel in North America. Serving a base of over 100,000 client accounts, the corporation, under its trade names Olsten Temporary Services, Olsten Health Care Services, and Olsten Permanent Placement Services, maintains a network of more than 750 owned, franchised, and licensed offices located in all 50 states, the District of Columbia, Canada, and Puerto Rico. These offices employ over 335,000 temporary workers annually for business, industry, government, health care facilities, and home health care markets.



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